

Economics Makes Harding's Foreign Policy Difficult

By FRANK H. SIMONDS.

WITHIN the last few weeks there has come over the whole face of the discussion of American relations with Europe a change which is almost complete. Debate over the League of Nations has well nigh terminated. The questions as to Article X, and the responsibility of the United States would have to undertake toward European nations if the league were ever accepted has been abandoned indefinitely. At Washington, at least, the verdict of the last election is taken as indicative of the determination of the great majority of the American people to have nothing to do with the political questions of the peoples dwelling on the European continent.

Yet the cessation of the discussion of the Treaty of Versailles and the League of Nations has not brought a corresponding close of the argument over the relation of the United States to Europe. On the contrary, the fact is daily becoming clearer that it is not by political, but by financial, chains that we are actually bound to Europe and that it is not European but American financial and political conditions which are immediately affected by the existing situation.

To put the thing quite simply, Congress is now wrestling with conditions existing in the home market, with problems of unemployment and of paralysis in the agrarian districts due to the practical closing of our European markets, not because there is not demand for our supply, but because there is lacking credit or money with which the foreign purchaser might pay for our available surplus in grain, in cotton, in manufactured articles.

And slowly the fact is dawning upon the statesmen upon Capitol Hill that this is not a temporary situation, but a condition likely to endure for an indefinite period and to constitute the supreme problem of the incoming Republican Administration.

What course will Mr. Harding take toward Europe?

This is henceforth the great puzzle. Will he seek to keep Europe out of our markets, thus protecting our producers, but as a result excluding us from European markets, or will he risk producing paralysis in our markets by opening them to Europe?

The Situation in Simple Terms Shows \$15,000,000,000 Debt to U. S.

The situation is complex, but not beyond simple statement. Europe owes us \$11,000,000,000, representing the principal and interest of our loans in the world war. Europe owes us in addition \$4,000,000,000, representing private credits advanced since the governmental loans stopped. The sum of European indebtedness is to-day above \$15,000,000,000. This indebtedness at five per cent. interest rate would represent annual payment of \$750,000,000. But add to that a contribution of say an equal sum toward the principal to extinguish the debt, and it means that we have to exact from Europe an annual payment of \$1,500,000,000.

Europe can only pay in goods. Except for Great Britain, all the European countries have exhausted their holdings of American securities. They cannot pay us now in service, that is, through ocean carriage, save as that payment reduces the earnings of our newly created merchant marine. They cannot pay us in raw materials, because there are only a very few raw materials which we lack, coffee, rubber, potash and silk chiefly, and all of these represent a relatively insignificant total. Moreover, these would not exceed the amount which Europe would pay us to meet the continuing exports on our part of raw materials required in Europe.

The problem of the Harding Administration is patent. With respect of the foreign loans, three courses have been discussed; namely, (1) full payment, the payment to be made relatively promptly, that means the commencement of the stream of European exports which must henceforth flow toward us in ever increasing volume; (2) cancellation of the loans, which means imposing upon the American taxpayer a burden of \$11,000,000,000; (3) postponement of the demand for all payments, but the retention of the claim as a political asset, enabling us to exert influence in European affairs.

It will be seen, however, that this last course, temporary suspension of payments by Europe, has the same penalty for the American taxpayer as the cancellation during the period of suspension. It will be seen, further, that it carries with it a tremendous peril for American interests, since it opens the way to enormous intermixture in European affairs. I shall discuss this point further in a moment.

Suppose that the United States, through the new Administration insists that Europe proceed to the payment of the debt. This is our right. Moreover, I fancy that the mass of the American taxpayers would instantly denounce any statesman or party which proposed any other course. But the mass of the American people do not yet perceive that the debt cannot be paid in money, for there does not exist gold enough to pay it, and of the sum of gold existing in the world, we have already acquired the larger part.

How the Debt Could Be Handled And How Germany Comes In

Accordingly the representatives of the several European governments will have to make arrangements with our Treasury Department to fund the debt. They will have to provide a long term arrangement, by which, paying interest and a large or small sinking fund contribution each year, they will be able to dispose of the whole obligation say in half a century.

But they have now only one resource; namely, the German reparations debt. Therefore, as I pointed out last Sunday, the best that they can do is to transfer to us \$1,000,000,000 in German promises to pay, more than half of the total sum, or else to issue bonds themselves with this German reparations agreement as the underlying security. Actually, if Germany pays them, they can pay us, not otherwise. And in any case the payment will be in goods—manufactured goods.

Now the Republican party is preeminently the party of protection, but protection involves keeping out, not admitting, foreign manufactures which compete with American products. Its advertised programme is to raise, not lower, the tariff rates. Yet if it raises the tariff rates at the same moment it insists upon the funding and payment of the foreign loans it will at one time order Europe to pay and erect a wall against the admission of the European payments. To do this would be sheer absurdity.

To say to Europe "Pay," but to say in

America Must Safeguard Rights, Says Frank H. Simonds, Pointing Out Danger to Our Markets if War Loans Are Repaid and Continued High Taxes if They Are Not—Scheme of Part Cancellation by Great Britain and United States, Only, Is Suggested as One Way Out

the same breath "Keep your manufactured articles at home" is to arrive nowhere. To say "Pay" and admit the sole form of payment which can be made—namely, European manufactured goods—is to paralyze American industries and abandon the cardinal doctrine of the Republican party. It is also to bring about prostration in our American industrial situation.

But this is only one circumstance. Europe not only owes us for the loans of the war period, she needs now many of our raw materials and some of our manufactured articles. She can't buy them unless we extend credit, and she can only pay for them, too, in goods, in manufactured goods. And thus to pay means to add still further to the sum total of manufactured goods she must force into our markets. But if some method is not found to permit Europe to absorb our surplus of raw materials and our cotton and foodstuffs in particular, we shall continue to have the same domestic problem which now confronts alike the farmers and the financiers.

Thus at the present moment one of the first problems posed for the incoming Administration is: How can we preserve and increase the protection of our domestic production and at the same time compel and accept the payment of the foreign loans?

Cancellation Idea Unpopular Here And Made More So by Diplomats

On the subject of possible cancellation of the European loans I hesitate to say more than I have already written here. The proposal is hopelessly unpopular for obvious reasons. The country feels Europe ought to pay, and the feeling has been enormously accentuated by more or less maladroitness by certain foreign statesmen. The effort to establish the idea that there is a moral obligation upon us to cancel that loan, all or any of the loans, simply has not "caught on."

On the contrary there is a general feeling voiced strongly in Washington, where I am writing this, quite frequently, that the United States ought to insist upon the payment of the loans, if only to prevent the European nations from spending the money in military establishments and colonial ventures. Justly or unjustly, there is a feeling that Europe is trying to evade an honor-

able obligation by methods which are not wholly commendable. Austen Chamberlain's proposal produced a rather violent outcry in Congress, even in quarters most friendly to our recent associates.

There subsists a notion, also widespread, that Mr. Wilson undertook to employ this financial weapon to accomplish his political purposes at Paris and that our European allies, themselves wholly uninterested in Mr. Wilson's Utopian schemes, permitted him to have his own way as to their seeking to reward in the more practical directions represented by colonies and concessions. This contributed to making the reception of the Chamberlain proposal still more unpopular.

But if all sentimental and moral aspects may be dismissed as nonexistent or at least not accepted by the American public, there remains the practical detail. If we insist that Europe pay us eleven billion, then each European nation will insist that its creditors pay it. Half a dozen European nations owe us, the same nations owe Britain, three or four owe France. We can only expect Europe to pay provided we concede that Europe has the right to collect its money from Germany in its own way.

Great Britain, holding France and Italy for vast sums, can only insist that they pay by permitting them, and particularly France, to take such steps as may seem to her necessary to force Germany to pay. This means, in the first place, that the European nations will demand of Germany enough to meet our claims and pay for their own reconstruction, which is exactly the sum they have demanded, namely, \$21,000,000,000. We can only ask a reduction of the sum asked of Germany—granted it seems to us too large—if we are willing to reduce our demands.

How It Would React on Us if France Failed to Be Paid

In the same way, if Germany fails to pay France, and France sends troops into Germany to compel payment, we cannot protest unless we and the British as well are ready to forego a share of what France owes us, that which is represented by what Germany has failed or refused to pay France. But if France sends troops into Germany, then the market for a great portion of the surplus of

our raw materials is automatically closed.

With the invasion of Germany we arrive at something approximating a new war, the dislocation of German industrial life and the inevitable cessation of all German payments, at least temporarily. So, to put the thing in the commonest of all language, the American would "get it coming and going." He would lose at "one end through the cessation of payment on the debts, at the other by the interruption of his trade.

Nevertheless we should have no standing in court to protest against French military action, for, in the last analysis, the larger part of what France would seek to collect by military action would be represented ultimately by payment to us, since the loans we have made to our associates equal more than half of the sum total of German reparations. Any protest on our part against protracted French occupation of German territory, against an extension of the area occupied, against military steps of any sort, would be promptly met by the French reply, "But we cannot pay you otherwise than by making Germany pay."

There remains the third possibility: Temporary suspension of the payment of the interest and sinking fund charges of our associates, following the actual agreement upon some basis of settlement. But if this eases the strain and commends itself to not a few members of Congress who are eager to avoid present troubles, it is at best an unsatisfactory compromise, for the European nations will still insist upon German payment, since they have eventually to pay us, while suspension of payment will only increase the amount that will ultimately have to be paid, and thus the annual flood of goods sent to us.

One other proposal has been made recently. It is suggested that the United States and Great Britain should join in cancelling what the Continental nations who were allies or associates owe them. This would mean a cancellation by us of \$6,000,000,000 and by Great Britain of \$5,000,000,000, but the two amounts represent about equal value, given the unequal credit of the borrowers. This would extinguish \$14,000,000,000 of paper in the world.

At the same time the nations thus benefited should be required to reduce their

claims upon Germany to the amount Britain and the United States forgive them debts. This would subtract \$8,000,000,000 from the German capital sum, bringing it down to \$13,000,000,000, and with the discount provided in the present Paris proposal it would not exceed \$10,000,000,000, a sum, even German experts agree, Germany could pay.

Such cancellation, from the American point of view, could be justified only on the ground that we cannot afford to take payment in goods and that insistence upon payment would destroy that foreign market which can absorb our own surplus. It would be further defensible only because there is every reason to believe that even if we could afford to accept the payment it would never be made, could never be made. Great Britain would profit even more largely than the United States by the restoration of economic order in central Europe.

There would remain something like \$4,500,000,000 owed us by Britain. This, it is plain, the British could pay and we could afford to accept payment for, since the British Empire holds raw materials which we require, and Great Britain still possesses in this country securities and other holdings equal to the capital sum itself. We should avoid any dislocation of our own industrial establishment by such a course.

But one is bound to recognize that it would be difficult to justify such discrimination to British eyes. It would be the more difficult because the British view is that the sums lent to her were immediately transferred to our common associates, and that from these sums Britain herself derived no value. On the other hand, it is plain that at the present time no project to cancel the British loans could even obtain a hearing in Washington, and the whole project of cancellation would be doomed if it carried this detail.

General Cancellation Save Germany's A Quick Means Toward Reconstruction

It would be necessary, therefore, to offer the British absolutely reasonable terms on which the loans to them might be funded, long term bonds and a suitable rate of interest. It would be equally necessary at all times to avoid any semblance of using this indebtedness as a political weapon, as a means of shaping British policy. And I con-

Honor Essay Makes Citizen's Duties Clear

THE finale of the Essay Contest held by THE NEW YORK HERALD is established by the publication herewith of the second of the manuscripts to be awarded honorable mention by the judges. The contest, however, long will endure in the memories of the city's high school boys and girls.

The theme proposed and dealt with by the contestants—pupils in the fourth year of the high schools of New York city only—was: "In View of the Present Industrial Conditions and Social Unrest, What Are the Obligations Incumbent Upon the American Citizen?"

The three winning essays have been published in recent issues of THE NEW YORK HERALD Sunday Magazine section; also the essay receiving honorable mention that was written by Morton Roth of the De Witt Clinton High School.

The essay now appearing was written by Samuel Charry, who was graduated from the Commercial High School.

By SAMUEL CHARRY.

THERE is a tide in the affairs of nations, as of men. Taken at the flood, Shakespeare assures us, this tide leads on to fortune; neglected or unrecognized, "all the voyage is bound in shallows and in miseries"; and constant effort fails to achieve the result which was within easy reach in the hour of advantage. Worse yet, the chance may be seized by another more alert and the advantage turned against our nation.

The United States, it seems to me, is facing one of the great emergencies of its history. Three years ago we confronted another—a situation which we all agreed was the most serious since the civil war. Though wholly unprepared, we had taken up arms against Germany in defence of our national honor and the safety of our citizens. We had used tradition by enacting a universal service law. We had launched a colossal programme of army and navy expansion, of shipbuilding and big gun making. We had oversubscribed huge Liberty loans.

All along the line we had surprised ourselves and amazed the world by the vigor and deadly earnestness of our response—the people's response—to all the demands put upon us. For it was unity of purpose, of vision and understanding of the things at stake which made our people invincible and our armies irresistible in attack. Every one—soldier, farmer, professional man, mechanic, laborer, merchant, manufacturer—every one was an American first.

Peace Time Emergency Makes Unity Essential Now as in War

So the emergency was met and victory was won by American solidarity and American devotion to a cause. It was made clear that social, political and economic differences in the United States must go into the scrap heap—perhaps it is more correct to say cold storage—whenever the real interests of the country are threatened and the facts at issue understood by all our people.

Understanding, mind you, is vital. It is lack of understanding of another emergency, confronting us at present, which makes the country's situation now more critical than any which the world has brought upon us. Then the threat was from the outside; the peril was imminent and plain as a pikestaff. The enemy was a tangible group against which we could unite. The elements in our population, therefore, were drawn together and moved to common action by a motive so big that it dwarfed every other consideration.

Our present trouble, on the contrary, has something of the nature of a family quarrel, although more perilous. America has a vast army of unemployed clamoring for work; general industrial depression prevails. It behoves every sane American citizen to keep cool and let his conscience guide him to do the right, as he sees the right, for the

best in him. The American citizen should do all in his power to combat the pernicious influence of the soap box orators, who are at present spreading and propagating their influence to the best of their ability. Therefore, I say again, it behooves each and every loyal American citizen to be on the alert and keep a steady eye.

We cannot continue indefinitely, without disaster, the present state of industrial turmoil, which is due to attempts to improve industrial and economic conditions by the use of methods of force. Industrial war must, in the public interest, go the way of international war, and by similar processes. It is futile to attempt to set up any agency for the promotion of industrial peace whereby what is called capital, what is called labor, what is called the public, are equally represented and meet upon equal terms. Such a course simply gives new strength to the movement for a class struggle and the promotion of class consciousness.

What we call capital is nothing more or less than a group of men and women that hold savings, all of whom are a part of the public. What we call labor is nothing more or less than a group of men and women who work for wages, all of whom are also a part of the public. Capital and labor may face each other on equal terms, but they cannot be permitted to face the public on equal terms. The public is always and everywhere their superior and includes them both.

Of course, many arguments have been advanced and many methods sought out to further industrial peace. Gov. Allen's "Industrial Court" is a means to an end. Public opinion may be trusted to bring about compliance with the findings and recommendations of such schematic conclusions, if plausible. And while I dwell on this topic I might mention that the general attitude of many citizens toward legislation of this sort is laxity—what would generally be termed *laissez faire*.

Deplores Failure by Public to Grasp the Economic Situation

They let things slump; they are easily swayed by pure American bunk politicians; they do not care or they do not take any special pains to better their conditions by talking and attending community meetings—and then, whom shall they blame (but themselves) when humdrum orators and politicians are nominated and elected to office, and then boss and command as they see fit (for their own sinister motives)? I do not say that this is always the case, but there is enough of it to present a rather serious problem.

Now, I am deviating from my course a bit, but when occasion demands such demand must be satisfied. A vast number of our citizens (and I say this with deep regret) do not know, whether through carelessness or ignorance, anything that amounts to anything about social and industrial conditions, the trend of the times and their natural surroundings and circumstances. In other words, they would be regarded, not by the highbrow, but by the ordinary person as uneducated.

What is needed, and needed promptly, is a campaign of education, but education of the right kind—with every one of us a teacher—to lay the fundamentals of our national situation before all our citizens, to promote among our own people the general understanding of our own institutions. Without this a return to our normal efficiency in production is impossible.

As war Americans, we were as nearly 100 per cent. effective as men and women could be. As peace Americans, we are too much inclined to let the State or the community or the policeman on the beat take over a good many of our responsibilities as citizens. But in this present emergency it is up to every sincere American—big or little business man, farmer, lawyer, laborer, teacher, mechanic, truck driver or clerk—to bear his part of the nation's burden, to make his personal weight count for the sta-

bilizing of social and industrial conditions and the restoration of production standards which will again provide for our own and Europe's needs.

Increased production, then, is every American's first obligation. And his second big job—as during the war—is to pass his faith and conviction along to others and do all that he can to develop a public opinion which will put a drive for greater production across like a Liberty loan.

With a clearness of vision, keenness of thought and with a splendid courage of conviction we must all "go to" and attain an end. This will not be easy. We will have to stir up enthusiasm for an abstract idea instead of selling Government war bonds with a solid investment value as well as a patriotic purpose. We will have to make head against a spirit of cynical selfishness, which has sprung up since the armistice. It has for part of its background our constant boasting about the tremendous totals of our foreign trade and the mistaken impression that every kind and class of business made and kept enormous profits out of the war.

"Let's Get Ours," the Slogan Of Bolshevistic Agitation

"Let's get ours" was the password when the so-called Bolshevism first showed its ugly head in tangible form in Seattle two springs ago. It has been the key to the agitation for shorter hours and higher wages and the general disposition to loaf on the job. Many believe it has been the counter-join for a score of other strikes, from the wholesale desertion of the Boston police to the recent steel and coal strikes, but I wouldn't give them so much credit for the manipulation of such schemes. All of the above mentioned were based on the strikers' belief that their control of labor gave them power to dictate the terms on which the machinery of industry might be permitted to operate.

You can meet a wrong, a false, a destructive idea only by conquering it with the truth, with a right, a constructive idea, and the task of to-day and to-morrow is for every American, every lover of America, every one with a faith in America at heart to preach, to teach, to act American, until from one end of this land to the other, among our whole hundred millions, there is none so blind and none so deaf as not to see that his personal interest and his group interest depend upon America.

As American citizens we must stand for one flag and one loyalty, an undivided loyalty to the United States of America. We must stand for law and order; for the rights of the property of the poor as well as the rich; for an unimpaired judiciary uninfused by wealth or autocracy of labor; we must strive to give both labor and capital an absolutely square deal. If each will be honest with the other, relatively few labor difficulties will arise.

It is very necessary indeed to establish conditions under which every thrifty, industrious man and woman can earn a comfortable living; be able to put something aside for a rainy day; be able to marry, to have a family and to give their children a reasonable opportunity. These conditions should be attainable by all who are willing to strive. These are our obligations, and we must meet them.

The full duty of citizenship is not always agreeable. There is no denying that we older, better schooled Americans in the years before the war failed to recognize the possibilities, good and bad, in our immigrant population.

We treated them as something apart—an element to be recognized but not utilized. We did little or nothing to develop their consciousness as citizens or to assimilate them into a body of our people. Our communities kept them at arm's length; our industries treated them as raw labor and made few efforts to tie them into their or-

ganizations as permanent work units. Their response to the country's appeals for money and for service (war) was loyal and generous. While the war was on they did their full part. Since the armistice, however, and the lifting of the war tension they have confused motives and purposes, and radical agitators have been able to substitute for the call of patriotism the appeal of selfish and subversive class demands. And the only way plausible and practicable to check this subversive propaganda is a campaign of education.

Liberty and Fair Dealing Is The Foundation of the Nation

As Americans we should persistently urge sound and practical Americanization methods and policies. To protect the national unity and security no American community should be permitted to substitute any other language for English as the basis or instrument for common school education. It has often been quoted that "The cornerstone of American government and of American life—the cornerstone of Americanism—is the civil liberty of the individual citizen."

The essentials of the civil liberty are proclaimed in the Declaration of Independence and defined in the Constitution of the United States. The Declaration of Independence rings as true to-day as it did in 1776. The Constitution remains the surest and safest foundation for a free government that the wit of man has yet devised.

Now, to illustrate my argument: If I can hold a man to his own contracts, I ought (I owe it) to pay my own debts. If I may worship as I please, I ought to refrain from persecuting another on account of his religion. If the Government deals fairly with me, I ought to deal fairly with it and refuse to cheat it. If I am allowed freedom of speech, I ought not to abuse the privilege. If I have a right to my good name and reputation, I ought not to slander my neighbor. If Government shields me from injury, I ought to be ready to take up arms in its defence.

After all is said, good American citizenship is reached only by a rough path of duty and obligation, and men will tread this path not because a Legislature commands them, but because their conscience leads them on.

Faithful adherence to the strong and enduring basic foundations of the Constitution, and a high purpose to apply the fundamental principles of American life with sympathy and open mindedness to each new problem that presents itself will give us a people increasingly prosperous, increasingly happy and increasingly secure. America will be saved, through education and reason, by those who look with respect and reverence upon the great series of events extending from the voyage of the Mayflower to the achievements of the American armies on the soil of France, and upon that long succession of statesmen, orators, men of letters, and men of affairs who have themselves been both the product and the highest promise of American life and American opportunity.

Arthur G. Silverman of 1971 Seventy-ninth street, Brooklyn, one of the contestants, has written complaining that parts of Arnot J. White's first prize winning essay were taken from President Wilson's "too proud to fight" speech. No direct quotation was taken by White, but a few phrases were quite similar. Asked for an explanation, White writes thus to the Contest Editor:

"I wish to state that if exception is taken to any phrases bearing a similarity to the speeches of Woodrow Wilson it was done wholly unwittingly. Being a great admirer of Woodrow Wilson and his work, mayhap a similarity may be observed, as I am so thoroughly acquainted with the speeches and ideas set forth by the greatest American."

"I regret exceedingly if this matter has caused you any inconvenience."

The Contest Editor is satisfied young White sought no unfair advantage and the awards will not be disturbed.

less the danger of such a manoeuvre seems to me real and grave.

It is obvious, however, that if Great Britain and the United States agreed to a joint cancellation of the debts owed them by Continental nations exclusive of Germany, insisting at the same time upon the similar cancellation by France of sums owed her by Continental nations, notably Italy and Belgium, the British and American governments would be in a position to make certain recommendations which might contribute to bring about economic peace in Europe.

Such conditions would be: The reduction of the German reparations total as I have indicated, the reduction of the Army of Occupation in Germany and the rapid evacuation of most if not all of German territory following the completion of German disarmament. A new occupation thereafter would be permitted only if Germany rearmored or failed to comply with the reparations terms which would unmistakably be within her powers.

All such arrangements could be made at some international economic conference called by President Harding in which the United States would necessarily be represented. But such a conference need have no relation whatever to the League of Nations, nor consider those purely political questions which constituted the main stock and trade of the league as created at Paris and the chief obstacle in the way of American approval of that league.

America Flatly Votes to Stay Out of Europe's Disputes

But laying aside all questions of various policies there is one fact which it seems to me must be fully appreciated by the American people. The election last November fairly clearly demonstrated that our country is determined to stay out of all European political disputes; ethnic, military or national. The public voted against defending foreign frontiers or guaranteeing existing political conditions. The decision was unmistakable and the meaning has not been misunderstood by the politicians or by the members of the Senate and the House of Representatives. So far a policy of "isolation" was disclosed to be desired.

The events of the last few months, however, have clearly demonstrated that while it may be possible to avoid political entanglements it is totally impossible to escape economic complications. We are suffering to-day in our own industries and in our own factories and farms from the closing of the European markets. We shall continue to suffer if the markets remain closed. Moreover, since Europe owes us \$11,000,000,000 in loans and \$4,000,000,000 in credits, we have an enormous stake involved in the European game. This stake equals the sum total of the costs of the war to us, aside from our foreign loans.

Unless economic order be restored on the European Continent we shall lose all the \$14,000,000,000, and what is of more immediate importance, we shall lose the markets in which alone we can dispose of our own surplus production of raw materials and foodstuffs, as well as of certain manufactured articles, of which automobiles and farm machinery are striking examples. To raise the tariff now may protect our own markets from foreign manufactures, but it will not assist in the disposal of our own surplus, and it will automatically stop the payment of the sums Europe owes us on the various loans.

Sooner or later we shall have to sit into some economic association of nations, if only a conference without power or permanence, to join with all the other nations in some combined effort to restore the economic stability of the world. The alternative is not merely the loss of what we have lent or risked in Europe, but that danger which must follow the persistence of anarchy in Europe and the closing of all European markets to our products.

Mr. Harding's Foreign Policy Must Recognize Economic Solidarity

Mr. Wilson's foreign policy, as expressed at Paris, undertook to make us moral guardians of an ideal adjustment of international rivalries, territorial and otherwise. From the consequences of such a policy, expressed in American responsibilities, the American people revolted, and their revolt destroyed the League of Nations, which was beyond all else directed at political and moral ends and involved us without limit in European questions in which our people failed to recognize that they had any concern.

Mr. Harding's foreign policy, on the contrary, will have to take note not of moral or political but of economic facts. It will have to undertake new responsibilities but to dispose of those responsibilities which are represented by commitments already made, representing \$11,000,000,000 in loans and \$4,000,000,000 in private credits. It will also have to face the problem of reopening for us those European markets in which we must dispose of our own surplus production, if domestic depression and suffering are to be avoided.

The problem of world peace has been demonstrated to be less one of establishing frontiers than one of restoring the machinery of trade and commerce. We are little concerned, if you please, about the possession of provinces by Russia or by Rumania, by Hungary or Czechoslovakia, but we are immediately concerned in the reopening of the frontiers of all of these States to our own products and to those of our creditors who cannot pay us save as they can trade on the Continent of Europe.

Therefore Mr. Harding's foreign policy must be predicated upon the recognition of the economic solidarity of the whole world and the total impossibility of maintaining a policy of isolation in these departments of world enterprise. And sooner or later it is going to be perceived by the American public that foreign policy has become the most important item in domestic affairs, since our stake in the world outside has become so immense.

And it is worth noting that Europe, far more promptly than the United States, has perceived our necessities in the situation and our eventual necessity to take a hand in world affairs to protect our interests. What is important now is that there should be an American policy, based upon an accurate appreciation of these same facts, that, in the end, we may be able to act only so far as our own interests are concerned and to escape such further commitments as were contained in the original League of Nations. To put the thing quite brutally, our concern in any world association must be the safeguarding of our own legitimate rights, not the protection and advancement of the personal and national interests of other countries.

Copyright, 1921, by the McClure Newspaper Syndicate.